



REVIEW OF THE
DEPARTMENT OF SOCIAL SERVICES
DIVISION OF YOUTH SERVICES

**From The Office Of State Auditor
Claire McCaskill**

Report No. 2000-21
April 3, 2000

AUDIT REPORT



Office Of The
State Auditor Of Missouri
Claire McCaskill

April 2000

The following problems were discovered as a result of a review conducted by our office of the Department of Social Services, Division of Youth Services.

In recent years the Division of Youth Services has begun developing performance measures through its strategic planning process. However, additional performance measures need to be developed. For example, the Division of Youth Services does not currently measure recidivism rates into adult correctional facilities. Recidivism is the tendency of youth to relapse into delinquent or criminal behavior after their release from the Division of Youth Services. The division prepared a study of recidivism approximately eight years ago matching youth who had been released from the Division of Youth Services with inmates in the Department of Corrections. Since the study was so old, there was no documentation of how the study was conducted and the Division of Youth Services was not even able to locate a copy of the study for us to review.

To help the Division of Youth Services determine if their mission is accomplished and statutory obligations are met, the division tracks recidivism rates for juveniles who recidivate back into the Division of Youth Services. However, recidivism rates into the Department of Corrections are not considered.

As a part of our audit, we reviewed a national study that was published in October 1998. The study included information on new programs that several states were using to evaluate the effectiveness of juvenile programs. These programs included:

- The State of Texas continuously tracks outcomes for their specialized programs that treat committed serious and chronic juvenile offenders and are currently in the process of piecing together a more comprehensive program to include non-state facilities.
- The State of Maryland is including a system-wide recidivism analysis into their program evaluations for all programs, even informal supervision.
- The State of Florida provides annual reports on program accountability measures (measured in recidivism rates and program costs) that include state and locally operated residential, nonresidential, and boot camp programs.
- The State of Ohio has developed a tracking form used to track progress of juvenile offenders during and after their commitment to a juvenile program. This information is entered into a statewide tracking system.

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YELLOW SHEET

An outcome listed in the Division of Youth Services' budget request is to return youth to their families and communities with the necessary skills to live and work within their communities. Without monitoring the recidivism rates into the Department of Corrections, which would be a measure of the long-term success of the division's programs, the Division of Youth Services has less assurance that this outcome is achieved. According to financial information obtained from the division, expenditures of state and federal funds by the division have increased from \$26.5 million in 1995 to over \$52 million in 1999. The State Auditor noted that the establishment of appropriate performance measures are particularly important for state agencies that have experienced such a rapid growth in expenditures.

For \$6.6 million of Juvenile Court Diversion Program costs incurred during fiscal year 1999, the Division of Youth Services did not have standardized procedures in place to monitor local juvenile courts to ensure they were properly submitting reimbursement requests based upon actual expenditures and were accurately reporting the number of at-risk and diverted youth.

State law allows the division to bill local school districts for the cost of educating youth while in the division's custody. The Division of Youth Services is owed approximately \$435,000 in overdue educational services billings, and does not have the authority to bill interest and penalties on and/or withhold from future state distributions for delinquent educational services billings.

REVIEW OF THE
DEPARTMENT OF SOCIAL SERVICES
DIVISION OF YOUTH SERVICES

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STATE AUDITOR'S REPORT



CLAIRE C. McCASKILL
Missouri State Auditor

Honorable Mel Carnahan, Governor
and
Gary J. Stangler, Director
Department of Social Services
and
Mark D. Steward, Director
Division of Youth Services
Jefferson City, Missouri 65102

We have conducted a review of the Department of Social Services, Division of Youth Services (DYS). The scope of our review included, but was not limited to, the two fiscal years ended June 30, 1999. The objectives of this review were to:

1. Review the operation of selected DHS programs.
2. Review selected financial transactions of the DHS.
3. Review certain internal control procedures, legal compliance issues, and management practices to determine the propriety, efficiency, and effectiveness of those procedures and practices.

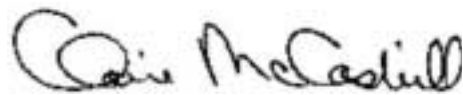
Our review was made in accordance with applicable generally accepted government auditing standards and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed applicable state and federal laws, interviewed applicable personnel, inspected relevant records and reports of the DHS, and reviewed selected studies and reports related to the treatment of juvenile offenders.

As part of our review, we assessed the DHS's management controls to the extent we determined necessary to evaluate the specific matters described above and not to provide assurance on those controls. With respect to management controls, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation and we assessed control risk. In order to assess control risk, we performed tests of controls to obtain evidence regarding the effectiveness of the design and operation of certain policies and procedures.

Our review was limited to the specific matters described above and was based on selective tests and procedures considered appropriate in the circumstances. Had we performed additional procedures, other information might have come to our attention that would have been included in this report.

The accompanying History, Organization, and Statistical Information is presented for informational purposes. This information was obtained from the DYS's management and was not subjected to the procedures applied in the review of the DYS.

The accompanying Management Advisory Report presents our findings and recommendations arising from our review of the DYS.

A handwritten signature in dark ink, appearing to read "Claire McCaskill". The signature is fluid and cursive, with the first name "Claire" written in a larger, more prominent script than the last name "McCaskill".

Claire McCaskill
State Auditor

August 27, 1999 (fieldwork completion date)

The following auditors participated in the preparation of this report:

Director of Audits:	Kenneth W. Kuster, CPA
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MANAGEMENT ADVISORY REPORT SECTION

REVIEW OF THE
DEPARTMENT OF SOCIAL SERVICES
DIVISION OF YOUTH SERVICES
SUMMARY OF FINDINGS

1. Recidivism Study (pages 6-7)

The DYS does not monitor the recidivism of youth who were formerly in the custody of DYS and later are committed to the Department of Corrections. In addition, the DYS needs to establish additional objective and quantifiable performance measures to measure the success of DYS programs.

2. Juvenile Court Diversion Program (pages 7-9)

The DYS does not have standardized procedures in place to monitor local juvenile courts to ensure they are properly submitting reimbursement requests based upon actual expenditures and are accurately reporting the number of at-risk and diverted youth.

3. Educational Services Billings (pages 9-10)

The DYS is owed approximately \$435,000 in overdue educational services billings, and does not have the authority to bill interest and penalties on delinquent amounts.

REVIEW OF THE
DEPARTMENT OF SOCIAL SERVICES
DIVISION OF YOUTH SERVICES
STATE AUDITOR'S RECOMMENDATIONS

1.

Recidivism Study

In recent years the DYS has begun developing performance measures through its strategic planning process. However, additional performance measures need to be developed. For example, the DYS does not currently measure recidivism rates into adult correctional facilities. Recidivism is the tendency of youth to relapse into delinquent or criminal behavior after their release from the DYS. The DYS prepared a study of recidivism approximately eight years ago matching youth who had been released from the DYS with inmates in the Department of Corrections. Since the study was so old, there was no documentation of how the study was conducted and the DYS was not even able to locate a copy of the study for us to review.

The mission of the DYS is to enable youth to fulfill their needs in a responsible manner within the context of and with respect for the needs of the family and the community. Section 219.016.1, RSMo 1994, states the DYS is responsible for “the prevention and control of juvenile delinquency and the rehabilitation of children.” To help the DYS determine if its mission is accomplished and statutory obligations are met, the DYS tracks recidivism rates for juveniles who recidivate back into DYS. For example, the recidivism rate was eleven percent, fourteen percent, and twelve percent for the years ended June 30, 1999, 1998, and 1997, respectively. However, recidivism rates into the Department of Corrections are not considered.

As a part of our audit, we reviewed a national study prepared by the Koch Crime Institute entitled “White Paper Report on the Standardization of Juvenile Offender Program Evaluation” that was published in October 1998. The study included information on new programs that several states were using to evaluate the effectiveness of juvenile programs. These programs included:

- The State of Texas continuously tracks outcomes for its specialized programs that treat committed serious and chronic juvenile offenders and are currently in the process of piecing together a more comprehensive program to include non-state facilities.
- The State of Maryland is including a system-wide recidivism analysis into its program evaluations for all programs, even informal supervision.
- The State of Florida provides annual reports on program accountability measures (measured in recidivism rates and program costs) that include state and locally operated residential, nonresidential, and boot camp programs.

- The State of Ohio has developed a tracking form used to track progress of juvenile offenders during and after their commitment to a juvenile program. This information is entered into a statewide tracking system.

An outcome listed in the DYS's budget request is to return youth to their families and communities with the necessary skills to live and work within their communities. Without monitoring the recidivism rates into the Department of Corrections, which would be a measure of the long-term success of DYS's programs, the DYS has less assurance that this outcome is achieved. The DYS's performance measures should include measures of recidivism of youth released from the DYS's custody and targets for future levels of recidivism. This will give policy makers accurate information on successful juvenile offender programming necessary for effective decision making.

WE RECOMMEND the DYS measure the rate of recidivism of youth released from the DYS's custody who are subsequently committed to the Department of Corrections and set targets for future levels of recidivism. Also, the DYS should consider developing additional objective and quantifiable performance measures to measure the success of DYS's programs.

AUDITEE'S RESPONSE

Over the past couple of years, the division has developed and will continue to develop additional quantifiable measures of success for its programs. We concur that additional quantifiable measures should be developed to further measure the success of our programs.

2.

Juvenile Court Diversion Program

The Department of Social Services, Division of Youth Services (DYS), receives federal funds to operate the Juvenile Court Diversion (JCD) program. The JCD program provides funding for local juvenile courts to operate various treatment programs as an alternative to committing the youth to DYS. These treatment programs include various intervention and monitoring services. Local juvenile courts are to submit reimbursement requests to DYS monthly based on the actual expenditures of the previous month. During the year ended June 30, 1999, the division awarded approximately \$6.6 million in JCD funds to local juvenile courts throughout the state. The DYS tracks the success of the program by monitoring the number of youth served and the number of youth diverted from commitment to DYS. Among other uses, this information is provided to the General Assembly in the division's budget request. Our review of the DYS's monitoring of the JCD program indicated the following areas where improvements are needed:

- A. The DYS allows each of the five regions to determine what monitoring procedures are appropriate for the JCD programs in their region. In all of the regions, this monitoring includes on-site visits to the program and preparing a standardized monitoring form to document the monitoring visit. The objective of this monitoring visit is to determine if the

program is operational and if it is operating in a successful manner. Also, Section 219.041.5, RSMo 1994 states the purpose of these visits is to “examine the facilities, programs, books, and records.” Our review of the procedures for the on-site monitoring visits done by the regions noted the following.

- 1) Although a few of the regions also review financial records which support the monthly reimbursement requests, there are no standard procedures or documentation for this review. An audit conducted by the State Auditor's Office in one of these juvenile courts revealed the following:

- C Original invoices were not available to support expenditures claimed.
- C The juvenile court had not entered into a written contract with a local school district.
- C Payments were made to the judge administering the grant without proper documentation.
- C Reimbursements claimed exceeded actual expenditures.
- C Records to account for JCD funds received and for assets purchased from these funds, were not adequate.

The grant agreement requires the juvenile court to maintain financial records consistent with acceptable accounting practices and sufficient to provide an audit trail. The agreement also requires the court to submit reimbursement requests for actual costs incurred in delivering services during the project period. The DYS indicated it relies on external audits as a review of the fiscal aspects of the program. However, in many counties the JCD program funding is not significant to the overall financial operation of the county. As a result, the JCD funding may receive little or no audit coverage.

To ensure the juvenile courts are submitting reimbursement requests in accordance with their contract and any problems are detected and corrected in a timely manner, DYS should review the supporting documentation for reimbursement requests during monitoring visits.

- 2) None of the regions review case files to determine if the juvenile court properly reported to the DYS the number of at-risk youth and diverted youth that were served by the program. The DYS relies solely on the information provided by the juvenile courts to determine the number of at-risk and diverted youth. To verify the number of at-risk and diverted youth that are reported by the juvenile courts is accurate, DYS should review case files or other records during monitoring visits.

In addition, standardized monitoring procedures should be developed to aid the regions in consistently monitoring JCD programs throughout the state.

- B. According to DYS records, 91% and 89% of youth entering JCD programs were successfully diverted from commitment to DYS during the years ending June 30, 1998 and 1997, respectively. However, the DYS defines a youth as being diverted if they complete the program successfully and are not committed to DYS during the same program year. A youth completing the program one week before the end of the program year would be considered diverted, as long as he was not committed to DYS during the last week of the program year. The DYS indicated it relies on the juvenile courts to track the number of youth diverted, and the juvenile courts have no way to track the youth after the end of the program year. However, the juvenile court provides the names of all youth diverted through the program, but DYS does not track the youth beyond the end of the program year. To determine the effectiveness of this program, it appears necessary to track youth for a more extended period of time.

WE RECOMMEND the DYS:

- A. Develop standardized procedures for the regions to follow during monitor visits of JCD programs that include reviewing financial records which support reimbursement requests and other records which support the number of at-risk and diverted youth reported by the juvenile court.
- B. Track diverted youth for extended periods of time and use this data to help measure the success of the JCD program.

AUDITEE'S RESPONSE

We concur with the recommendations.

3.

Educational Services Billings

In accordance with Section 163.073, RSMo 1994, the DYS bills local school districts for the cost of educating youth while in the DYS's custody. For the 1997-1998 school year, the DYS billed approximately \$1.5 million to local school districts. Bills are usually sent out to the local school districts in February and are due in 90 days, or usually May. As of August 23, 1999, our review noted the following approximate amounts that were unpaid:

<u>School Year</u>	<u>Amount Unpaid</u>
1997-1998	\$180,000
1996-1997	221,000

1995-1996	<u>34,000</u>
Total	<u><u>\$435,000</u></u>

Approximately one-half of the unpaid amount is owed by the City of St. Louis School District. Furthermore, we noted only approximately two-thirds of the billings are paid to the DYS by the due date.

The DYS works closely with the school districts on these billings and sends a notice to the local school districts the November before the bills are mailed informing the school districts of the students they will be billed for in February. This is intended to give the school districts time to research the youth they will be billed for to ensure they reside in their school district. The DYS sends out notices of unpaid amounts ninety days after the original billing and periodically sends out any changes made to the school district's bill as a result of youth actually residing in a different school district.

The DYS indicated there is no provision in the statutes to charge any interest or penalties on unpaid amounts for these educational services billings. In addition, there appears to be no provision which authorizes the state to withhold delinquent amounts from future state distributions to be made to these school districts. The DYS also indicated it has been working with their service coordinators to ensure DYS's records accurately list each youth's local school district in an effort to ensure it bills the correct school district the first time. To ensure all monies due to the state are received in a timely manner, DYS should seek legislative changes to mandate interest and penalties on and/or withholdings from future distributions for unpaid educational services billings.

WE RECOMMEND the DYS continue to bill unpaid amounts and seek legislative changes to provide for interest and penalties to be charged on and/or withholdings from future distributions for delinquent educational services billings.

AUDITEE'S RESPONSE

The division will work with the various entities in state government to determine the most appropriate course to pursue.

This report is intended for the information of the management of the Department of Social Services, Division of Youth Services, and other applicable government officials. However, this report is a matter of public record and its distribution is not limited.

STATISTICAL SECTION

History, Organization, and
Statistical Information

DEPARTMENT OF SOCIAL SERVICES
DIVISION OF YOUTH SERVICES
HISTORY, ORGANIZATION, AND STATISTICAL INFORMATION

The Omnibus State Reorganization Act of 1974 created the Division of Youth Services within the Department of Social Services. Previously the Division of Youth Services had been known as the State Board of Training Schools. During the 1970's, systematic agency planning began which resulted in the de-emphasis of large rural institutions and the establishment of smaller treatment facilities. This enabled geographic regionalization where youth could be served closer to their homes.

During the 1990's, the division continued in the direction of regionalization and the expansion of the continuum of treatment services. An array of community-based services was developed including day treatment, tracking, and case management. The Juvenile Crime Bill was passed in 1995 and included measures for determinate sentencing, granting the division the ability to petition for increased length of stay up to the age of twenty-one, removed the lower age limit for commitment, and provided for the development of dual jurisdiction.

The Division of Youth Services is administered by a director who is appointed by the director of the Department of Social Services. Mark D. Steward has been the director since May 6, 1988. The Division of Youth Services Advisory Board consists of fifteen members appointed by the director of the Department of Social Services. The Division of Youth Services Advisory Board oversees the operation of the division and is charged with the responsibility to advise the director, the legislature, and the general public on all matters pertaining to the operation of the division. Members of the Division of Youth Services Advisory Board as of June 30, 1999, were:

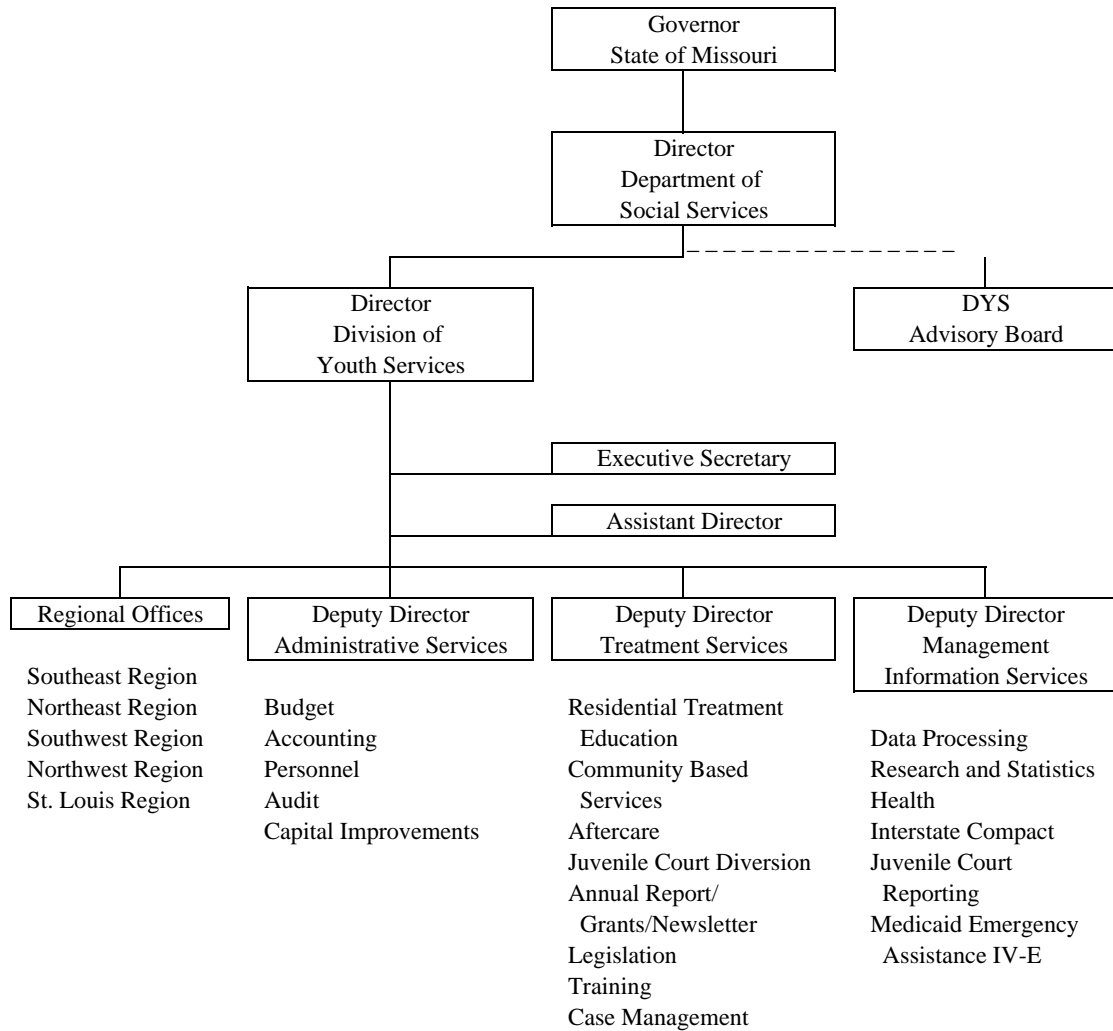
<u>Member</u>	<u>Term Expires</u>
Dennis J. Kehm, Chairman	November 15, 2002
Thelma Neff, Vice-Chairman	September 30, 2001
Sue Barr	April 23, 2001
Barbara Eggebrecht	December 27, 2000
Jack E. Gant	June 30, 2001
Sherry L. Gant, PhD.	July 17, 2000
Andrew Jackson Higgins	September 30, 1999
Walter R. Jacobs	October 1, 1999
Herman A. Johnson	May 10, 2000
Peggy Patterson	March 27, 2002
Lt. James W. Richardson	July 11, 2001
Almira Sant	April 23, 2001
William B. Smith	September 14, 2001
H. Morely Swingle	June 17, 2003
Joe Z. Satterfield	October 14, 2003
Debbye Turner, D.V.M.	Ex-Officio Member

The agency provides services to youth committed from the forty-five Judicial Circuit Courts in the state. The services include residential (secure, moderate, and community based) and non-residential (tracking, day treatment, alternative living service, family therapy, and aftercare). All youth receive case management services and are assigned a service coordinator who ensures the assessment, treatment planning, and the coordination, monitoring, and evaluation of services occurs for all youth.

As of June 30, 1999, the division operated twenty-nine residential facilities with a total of 663 beds and eleven non-residential facilities with a total of 225 day treatment slots.

On June 30, 1999, the division employed approximately 1,455 individuals. An organization chart follows:

DEPARTMENT OF SOCIAL SERVICES
 DIVISION OF YOUTH SERVICES
 ORGANIZATION CHART
 JUNE 30, 1999



Appendix A

DEPARTMENT OF SOCIAL SERVICES
DIVISION OF YOUTH SERVICES
COMPARATIVE STATEMENT OF APPROPRIATIONS AND EXPENDITURES

	Year Ended June 30,					
	1999			1998		
	Appropriations	Expenditures	Lapsed Balances	Appropriations	Expenditures	Lapsed Balances
GENERAL REVENUE FUND - STATE						
Incentive payments to counties for community-based treatment programs for youth	\$ 0	0	0	5,880,000	5,038,186	841,814
Planning, design, construction, and improvements of a waste water treatment facility at Delmina Woods	117,000	9,266	107,734	0	0	0
Personal Service	1,710,894	1,685,959	24,935	1,390,416	1,328,771	61,645
Expense and Equipment	315,077	314,663	414	275,964	272,695	3,269
Treatment services including foster care and contractual payments - Personal Service	22,659,861	22,612,219	47,642	21,227,867	20,013,308	1,214,559
Treatment services including foster care and contractual payments - Expense and Equipment	2,655,474	2,650,321	5,153	7,893,753	7,825,095	68,658
Treatment services including foster care and contractual payments - Personal Service and/or Expense and Equipment	386,348	386,348	0	386,348	362,855	23,493
Costs associated with increased commitments and bed space, including, but not limited to Personal Service, Expense and Equipment, and contractual services	8,190,000	3,649,960	4,540,040	2,245,367	1,396,424	848,943
Operating maintenance and repair	78,794	78,755	39	0	0	0
Total General Revenue Fund - State	36,113,448	31,387,491	4,725,957	39,299,715	36,237,334	3,062,381
DIVISION OF YOUTH SERVICES - FEDERAL AND OTHER						
Incentive payments to counties for community-based treatment programs for youth	6,180,000	5,515,710	664,290	301,000	256,874	44,126
Expense and Equipment	113,943	113,821	122	113,943	113,712	231
Personal Service	513,031	458,520	54,511	490,290	488,136	2,154
Treatment services including foster care and contractual payments - Personal Service	6,439,701	3,906,881	2,532,820	3,689,083	3,206,497	482,586
Treatment services including foster care and contractual payments - Expense and Equipment	7,706,610	7,600,774	105,836	1,778,272	1,689,663	88,609
Treatment services including foster care and contractual payments - Personal Service and/or Expense and Equipment foster care and contractual payments - Personal Service	250,566	250,566	0	250,566	204,062	46,504
Operating maintenance and repair	138,243	138,238	5	0	0	0
Total Division of Youth Services - Federal and Other	21,342,094	17,984,510	3,357,584	6,623,154	5,958,944	664,210
HEALTH INITIATIVES FUND						
Treatment services including foster care and contractual payments - Personal Service	96,082	87,441	8,641	91,980	35,509	56,471
Treatment services including foster care and contractual payments - Expense and Equipment	10,135	9,184	951	20,585	15,703	4,882
Total Health Initiatives Fund	106,217	96,625	9,592	112,565	51,212	61,353
GAMING COMMISSION FUND						
Incentive payments to counties for community-based treatment programs for youth	500,000	479,388	20,612	500,000	500,000	0
Total Gaming Commission Fund	500,000	479,388	20,612	500,000	500,000	0
DEPARTMENT OF SOCIAL SERVICES EDUCATIONAL IMPROVEMENT FUND						
Treatment services including foster care and contractual payments - Personal Service	1,516,661	1,516,602	59	1,307,957	1,184,906	123,051
Treatment services including foster care and contractual payments - Expense and Equipment	627,719	557,313	70,406	938,192	926,350	11,842
Total Department of Social Services Educational Improvement Fund	2,144,380	2,073,915	70,465	2,246,149	2,111,256	134,893
Total All Funds	\$ 60,206,139	52,021,929	8,184,210	48,781,583	44,858,746	3,922,837

Appendix B

DEPARTMENT OF SOCIAL SERVICES
DIVISION OF YOUTH SERVICES
COMPARATIVE STATEMENT OF EXPENDITURES (FROM APPROPRIATIONS)

	Year Ended June 30,				
	1999	1998	1997	1996	1995
Personal services	\$ 31,946,291	26,657,603	23,139,000	19,910,119	18,444,106
Capital improvements	9,266	0	87,105	52,071	362,336
Program specific	6,537,945	6,345,889	3,964,865	2,469,311	708,405
Travel and vehicle expense	1,388,015	1,243,547	798,582	634,116	585,951
Transportation equipment purchases	315,432	756,883	446,051	265,435	586,643
Office expense	417,017	344,768	340,429	230,675	233,067
Office and communication equipment purchases	759,742	381,018	479,016	265,436	337,207
Communication expense	529,434	450,368	413,641	345,840	322,804
Institution and physical plant expense	3,687,738	3,346,617	2,739,523	2,405,101	2,414,916
Institution and physical plant purchases	1,102,958	647,423	660,165	361,144	396,527
Data processing expense and equipment	701,462	738,135	394,687	196,748	296,017
Professional services	4,163,245	3,613,201	5,747,051	3,389,160	1,577,636
Other expense	463,384	333,294	303,797	267,284	251,721
Total Expenditures	\$ 52,021,929	44,858,746	39,513,912	30,792,440	26,517,336

* * * * *